

DIRECT TESTIMONY  
OF  
CINDY JACKSON

CONSUMER SERVICES DIVISION  
ILLINOIS COMMERCE COMMISSION

AMERITECH ILLINOIS  
DOCKET NOS. 98-0252/0335 (CONSOL.)

November 3, 2000

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1     **Q.     Please state your name and business address.**

2     A.     My name is Cindy Jackson, and my business address is 527 East Capitol  
3     Avenue, Springfield, Illinois 62701.

4     **Q.     What is your occupation?**

5     A.     I am employed in the Consumer Services Division ("CSD") of the Illinois  
6     Commerce Commission ("Commission").

7     **Q.     What are your present responsibilities in the Consumer Services  
8     Division?**

9     A.     I am the telecommunications witness for the Consumer Services Division,  
10    representing the interests of Illinois consumers. I have testified on behalf of  
11    consumer interests in the SBC/Ameritech merger, Bell/Atlantic merger, Global  
12    Crossings/Frontier merger, Gallatin River purchase of Centel, and several other  
13    docket where independent telephone companies were purchased. I have  
14    participated in over 300 competitive local certification dockets, which includes  
15    reviewing applications and testimony from companies requesting certification to  
16    provide local exchange telephone service in Illinois. Specifically, I participate in the  
17    hearing process to ensure the applicant's compliance with Illinois statutes and  
18    Commission rules and regulations. I participated in over 60 dockets that  
19    established Eligible Telecommunications Carriers status for local exchange  
20    companies.

21

22           I was also appointed Staff Liaison by the Executive Director under Section

23 755.400 of 83 Illinois Administrative Code Part 755 on August 1, 1993, to the Illinois  
24 Telecommunications Access Program ("ITAP"). In that capacity, I oversee activities  
25 of the ITAP to ensure that they meet all requirements for the Text Telephone ("TT")  
26 distribution and Telecommunications Relay Service ("TRS") programs as required  
27 in Section 13-703 of the Public Utilities Act ("PUA"). In addition, I was appointed  
28 Staff Liaison by the Executive Director under Section 757.300 of 83 Illinois  
29 Administrative Code Part 757 on February 13, 1996 to the Universal Telephone  
30 Assistance Program ("UTAP"). As Staff Liaison, I oversee the activities of the  
31 UTAP to ensure that they meet all requirements of the Lifeline Program, Link Up  
32 Program and the Universal Telephone Service Assistance Program ("UTSAP") as  
33 required in Section 13-301 and 13-301.1 of the PUA.

34 **Q. Please describe your occupational experience.**

35 A. I began my employment with the Commission in September 1974, and I have  
36 worked in various Divisions within the Commission, including the Consumer  
37 Services Division ("CSD"). Prior to my position as Staff Liaison, I was the 9-1-1  
38 Program Assistant. Some of my duties included: reviewing 9-1-1 applications to  
39 ensure that the Commission's rules and the statute were adhered to, making  
40 presentations, and reviewing filings.

41 **Q. Have you testified before the Commission in other dockets?**

42 A. Yes. I have provided testimony in I.C.C. Docket 99-0442 and 99-0443 (ITAC  
43 relay proposal and contract); Docket No. 98-0555 (SBC/Ameritech merger); Docket  
44 No. 98-0866 (GTE/Bell Atlantic merger); Docket No. 99-0237 (Global

Crossing/Frontier merger) I.C.C. Docket 98-0321 (Gallatin River purchase of Centel); Docket No. 96-0503 (GTE wholesale); Docket No. 99-0544 (ATS Services, Inc., CLEC certification); Docket No. 00-0043 (CUB vs. Ameritech marketing practices); and several other telecommunications related cases.

**Q. What is the purpose of your testimony?**

A. The purpose of my testimony is to analyze Ameritech's retail service quality pursuant to Section 13-506.1(b)(6) of the PUA, and respond to testimony filed by Theresa Larkin (Ameritech Ex. 3.0) and David Gebhardt (Ameritech Ex. 1.1). I will briefly discuss the service quality standards in 83 Ill. Admin. Code Part 730 ("Part 730") and Ameritech service quality standards the Commission imposed upon Ameritech in the alternative regulation approved in Docket No. 92-0448/93-0239. I will also give testimony regarding the number and general tenor of service quality complaints received by the Commission from Ameritech customers regarding Ameritech service quality. I will also propose new service quality standards to be implemented going forward. I will also respond to Witness Gebhardt's testimony regarding Universal Service. Finally, I will offer the Commission alternative remedies to address service quality in the transitional regulatory plan.

**Q. What portion of Section 13.506.1(b)(6) will your testimony address?**

A. My testimony addresses Section 13.506.1(b) (1) and (6), which provides that:

...The Commission may approve the plan or modified plan and authorize its implementation only if it finds, after notice and hearing, that the plan or modified plan

at a minimum:

(1) is in the public interest; [and]

...

(6) will maintain the quality and availability of telecommunications services[.]

**Q. What are the service quality requirements found in 83 Illinois Administrative Code Part 730, Subpart E and pursuant to the Alternative Regulation Plan in Docket Nos. 92-0448 and 93-0239?**

A. The standards and benchmarks are as follows:

Standard	Part 730 Benchmark	Alternative Regulation Benchmark
Percent of Installations within 5 days	90	95.44
Percent Out of Service Over 24 Hours	95	95
Trouble Reports Per 100 Access Lines	6	2.66
Percent Dial Tone Within 3 Seconds	95	96.8
Operator Speed of Answer - Toll and Assistance (Seconds)	10	3.6
Operator Speed of Answer - Information (Seconds)	10	5.9
Operator Speed of Answer – Intercept	N/A	6.2
Trunk Groups Below Objective (per year)	98%	4.5

N/A - Not Applicable

**Q. Has the Commission recently revised the service quality standards in Part 730?**

A. Yes. On August 29, 2000, the Commission entered an Order in Docket No. 98-0453, revising Part 730, effective September 1, 2000. The Order amended

some of the service quality standards. Under the revised rule, companies must report to the Telecommunications Division when they fail to meet the service quality standards. This rule also revises from seven to ten seconds, the average speed of answer for toll, assistance, and information. The rule establishes two new answering time categories, requiring the average speed of answering calls placed to the business and repair offices to not exceed 60 seconds to render assistance or accept information to process calls. Finally, the rule requires companies to maintain records of telephone answer time performance and abandon rate at business offices and repair offices and report this information annually to the Commission.

**I. Service Quality Complaints**

**Q. Has the Commission Staff instituted a process for resolving consumer complaints regarding utility and telecommunications service?**

A. Yes.

**Q. Please briefly explain this process.**

A. The Illinois Commerce Commission Consumer Services Division investigates complaints lodged by consumers against public utility companies and telecommunications companies in Illinois. When CSD receives a consumer complaint, a CSD consumer counselor contacts the company to investigate the complaint and obtains a response from the company. If possible, the counselor will conduct a three way conversation with the consumer and the company for a quick resolution of the complaint.

CSD maintains records of complaints filed by consumers. Specifically CSD records such complaints in an Automated Complaint Tracking System ("ACTS"). When a complaint has been investigated, a consumer counselor contacts the consumer and discusses the results. If no further action is required, the counselor closes the complaint, categorizing it under one of a number of closing codes, which are intended to aid CSD in retrieving complaint information by type of complaint. Closing codes include Billing, Credit and Deposits, Rates, Service, Termination and a number of others, and are further broken down into sub-codes, such as tampering, usage/consumption, payment arrangements, and timeliness of performed service.

**Q. Which closing codes do CSD consumer counselors use to close complaints in which consumers allege that their service has been out of service over 24 hours ("OOS>24"), or installation of service has taken an excessive time?**

A. There are three different categories used to classify OOS>24 and installation complaints, which are: 1) Timeliness of Performed Service, Scheduling or Repair; 2) Timeliness of Performed Service, No Show; and 3) Timeliness of Performed Service, Installation of New Service/Transfer (No Construction).

**Q. Please provide a brief explanation of each of the categories used to classify OOS>24 and installation complaints.**

A. If a consumer contacts CSD to complain about the length of time a company has taken to repair service, that complaint is coded under 1) Timeliness of



146 Performed Service, Scheduling or Repair. If a consumer contacts CSD regarding a  
147 missed appointment, that complaint is coded under 2) Timeliness of Performed  
148 Service, No Show. Finally, if a consumer complains regarding delayed installation  
149 of service on a new installation order or transfer order, not involving construction,  
150 that complaint is coded as 3) Timeliness of Performed Service, Installation of New  
151 Service/Transfer (No Construction).

152 **Q. How does CSD classify a complaint if the consumer complains about**  
153 **more than one issue?**

154 A. The consumer counselor analyzes the complaint and records it under the  
155 most significant problem or issue. Any other complaint or issue is considered  
156 secondary and recorded under the primary complaint, and does not receive a  
157 closing code.

158 **Q. Do CSD complaint records reflect an increase in the service quality**  
159 **complaints filed by consumers against Ameritech over the past five years?**

160 A. Yes. The number of service quality complaints has fluctuated from year to  
161 year. CSD records, however, show that CSD received relatively few service quality  
162 complaints during 1995 and 1996. Since 1997, the number of complaints regarding  
163 service quality received by CSD has steadily increased, with even more significant  
164 increases during the period from 1998 to 2000. This indicates that there has been  
165 a significant decline in service quality. The following is a breakdown of service  
166 quality complaints by years:

Year	Installation of New Service	No Show	Scheduling or Repair
2000*	992	177	649
1999	215	25	141
1998	111	19	104
1997	39	12	35
1996	12	5	10
1995	20	1	14

\*Includes complaints received from 01/01/2000 to 11/01/2000. These numbers do not include the 850 open service complaints that have not been closed and categorized.

**Q. Please provide a detailed breakdown of the service quality complaints from 1999 and 2000.**

**A.** The monthly breakdown of service quality complaints from 1999 and 2000 are as follows:

	Installation of New Service	No Show	Scheduling or Repair
1999			
January	10	0	7
February	9	2	5
March	8	1	4
April	16	3	9
May	14	3	10
June	19	4	4
July	18	3	6
August	28	3	18
September	23	1	14
October	21	1	15
November	22	2	10
December	27	2	21

204				
205		Installation		Scheduling
206		of New	No	or
207	2000	Service	Show	Repair
208				
209	January	24	3	12
210	February	32	2	15
211	March	36	4	24
212	April	50	6	25
213	May	63	12	42
214	June	144	16	55
215	July	185	21	49
216	August**	235	36	124
217	September**	149	46	195
218	October**	74	31	108
219				

220 \*Includes complaints received from 01/01/2000 to 11/01/2000. These numbers do  
 221 not include the 850 open service complaints that have not been closed and  
 222 categorized.

223

224 **Q. Has CSD received an increase in complaints from consumers**  
 225 **concerning poor quality of service by Ameritech service technicians and**  
 226 **customer service representatives?**

227 A. Yes. The service quality complaint categories listed above may include  
 228 secondary complaints about the performance or aptitude of Ameritech employees.  
 229 Specific complaints received for poor performance by service technicians and  
 230 customer service representatives have also increased. CSD received 4  
 231 performance complaints regarding service technicians in 1995, while 19 such  
 232 complaints have been filed through September, 2000. Similarly, performance  
 233 complaints for customer service rose from 32 in 1995 to 162, in January through  
 234 September, 2000. Although the Staff recognizes the number of complaints received

are relatively modest, the fact that the number of complaints has, in some cases quadrupled, is the source of Staff's concern.

**Q. Did Ameritech provide Staff with information regarding the total number of consumer complaints received by the Company?**

A. Yes. Ameritech's total complaint numbers fluctuated during 1997, 1998, and 1999, with annual totals of 11,791; 9,675; and 11,708, respectively. Staff Data Request CJ1.54, Attachment 1. During this three year period, the number of complaints has fluctuated between a monthly low of 41 complaints in September, 1998, and a monthly high of 1,354 complaints in June, 1999. However, the year 2000 complaints through August already total 9,984 with four months remaining. Likewise, the months of May, June, July, and August have shown a significant increase with complaints reaching 1,250; 1,618; 1,580; and 1,769, respectively. (*Id.*) Staff notes that complaint information was not available for 1995 and 1996.

**Q. Has Ameritech provided Staff with any information regarding complaints received by the Company through its Executive Appeals Office?**

A. Yes. Ameritech has provided a monthly analysis of the Consumer Executive Appeals Complaints<sup>1</sup> received by the company. Chairman Mathias' Data Request, September 28, 2000, Tab 3, Attachment 2. The company did not provide a definition for the complaint categories, so Staff has interpreted the categories of "Customer Provisioning Complaints" as installation and "Maintenance Complaints"

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<sup>1</sup> The Consumer Executive Appeals Office handles complaints directly from consumers, the Commission

as OOS>24. Ameritech experienced a 5% increase in Customer Provisioning Complaints from January, 1997 through December, 1998 and an 92% increase from January, 1999 to August, 2000. Likewise, Ameritech experienced a 7% decrease in Maintenance Complaints from January, 1997 to December, 1998 and an 28% increase from January, 1999 to August, 2000. (*Id.*)

During the first eight months of 2000, Ameritech's repair and installation complaints increased 71% and 190%, respectively. (*Id.*) Construction and engineering complaints also increased 119%, with 62% of the network complaints received in July, July, and August, 2000. (*Id.*) Additionally, complaint records provided by Ameritech for missed installation appointments shows an increase in consumer complaints from 166 complaints in 1997 to 1,049 through August, 2000. Staff Data Request CJ1.16, Attachment 3.

**Q. Has Staff reviewed the results of any customer satisfaction surveys conducted by Ameritech?**

A. Ameritech provided the results from an SBC initiated customer satisfaction survey conducted in February, 2000. In the categories set forth below, customers gave Ameritech a score of 79 or below, which indicates a certain level of customer dissatisfaction, even before Ameritech's service quality drastically declined this summer. Since the survey appears to address customer satisfaction with what are essentially monopoly services, this level of satisfaction appears to be rather low.

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Staff or an SBC/Ameritech senior manager and is located in Indianapolis.

Small Business and Consumer Activation

	Small Business	Consumer
Overall considering your recent experience With Ameritech...	79.6	75.1
...Rate the ease of getting your call through to a Ameritech representative	72.3	74.3
...From the first request...rate timeliness of completing the order	79.0	78.2
Were you notified when the job was completed?	64.5	78.6

Small Business and Consumer Assurance

	Small Business	Consumer
Overall considering your recent experience With Ameritech...	75.0	69.4
...Rate the ease of getting your call through to a Ameritech representative	65.7	65.6
...From the first request...rate timeliness of completing the order	72.5	68.0
Were you notified when the job was completed?	74.8	71.0
Did Ameritech complete the work correctly the first time	79.3	71.2

Chairman Mathias Data Request, September 28, 2000, Tab 4, Attachment 4.

**II. Service Quality – Consumer Perspective**

**Q. Please summarize Ameritech's assessment of the Company's service  
quality during the first five years of the plan?**

315 A. Ameritech witness David Gebhardt stated that the Company's service quality  
316 had been excellent during the five years of the plan. Ameritech Illinois Ex. 1.1 at 90.  
317 Mr. Gebhardt further stated that the Company's performance on all measures  
318 except OOS<24 hours exceeded the benchmark standards, and that Ameritech's  
319 difficulties were not attributable to the alternative regulation plan and that nothing in  
320 the plan reduced, restricted or diminished the availability of Ameritech's services.  
321 (*Id.*) Additionally, Mr. Gebhardt stated that there have been no disruptions of  
322 telecommunications service to consumers. Ameritech Illinois, Ex. 1.1 at 98.

323 **Q. Does Staff concur in Ameritech's assessment of its service quality,**  
324 **during the life of the alternative regulation plan?**

325 A. No. Staff Witness McClerren describes Ameritech's history of meeting, or  
326 failing to meet, service quality standards. Staff Exhibit No. 8.0. Mr. McClerren also  
327 testifies regarding the four service quality standards that Ameritech has failed to  
328 meet during the first five years of the plan, and the total number of monthly  
329 infractions. Finally, Mr. McClerren shows that Ameritech has used an inappropriate  
330 definition of the term "installation," which calls into question whether or not the  
331 company actually met the installation benchmarks during the first five years of the  
332 plan.

333 **Q. Has Ameritech benefited from the current alternative regulation plan?**

334 A. Ameritech has benefited from the alternative regulation plans and among  
335 other benefits, the company has had the freedom of pricing flexibility and the ability  
336 to earn more and retain those earnings. The freedom of the alternative regulation

plan comes with the responsibility of maintaining the quality and availability of telecommunications services, which Ameritech has not accomplished.

**Q. Have Ameritech customers benefited from the plan?**

A. Not with respect to service quality. Consumers have suffered long delays in obtaining repair service and installation of service from Ameritech. Complaints received in CSD revealed that consumers, in some cases, have:

- . been compelled to wait 4 to 6 weeks or longer to have service installed or repaired;

- . taken days off of work to be at home for an appointment to have service installed and/or repaired, only to not have a service technician appear at the appointed time, or at all; and

- . made repeated calls to the company to inquire about the status of their work, to find that there was no record of the initial and/or previous calls.

Consumers who have a cellular telephone have had to depend on that telephone to make and receive calls at their expense. Consumers who do not have a cellular telephone have been unable to contact family, friends, employers, schools, doctors, and emergency services. Small business owners and consumers who work from home have been significantly inconvenienced and suffered a loss of revenue.

**Q. Can consumers obtain better service by selecting a competitive local exchange company as their local service provider?**



358 A. In the Chicago area, residential consumers have some options if they wish to  
359 obtain service from competitive local exchange company. However, since many  
360 local exchange carriers are resellers which purchase their service from Ameritech,  
361 switching to a competitive local exchange company does not always improve a  
362 consumer's service quality. Downstate consumers have virtually no options to  
363 switch to a competitive local exchange company.

364 **Q. Has Ameritech announced that it will take any steps to compensate**  
365 **Illinois consumers who have been affected by its poor service quality?**

366 A. Yes. On September 18, 2000, Ameritech issued a press release  
367 announcing that for the next six months, the Company will provide an automatic  
368 credit of \$19 to residential customers who have waited more than seven days for  
369 installation or whose service has been out longer than 48 hours. These credits are  
370 in addition to any prorated service credits available under Commission rules.

371 Ameritech will give such credits on multiple lines, all new service  
372 connections, or additional line orders. Chairman Mathias Data Request,  
373 September 28, 2000, Tab 8, Attachment 5. If a customer is not satisfied with the  
374 credit, service representatives are authorized to make additional adjustments of the  
375 installation fee, not to exceed 100% of the fee. (*Id.*)

376 On October 25, 2000, in Docket No. 00-0694, Ameritech filed a petition for  
377 permission to implement the program discussed above, establishing the credit  
378 period from January 1, 2000 through March 18, 2001.

379 **Q. Is Ameritech considering any other compensation for consumers**  
380 **affected by its poor service quality?**

381 A. Ameritech stated that “ it is currently developing a cellular loaner program to  
382 provide cellular service to those customers with special circumstances that are  
383 experiencing extremely long delays for repair and installation of service.” Chairman  
384 Mathias Data Request, September 28, 2000, Tab 8, Attachment 5. In Staff’s  
385 opinion, this action is warranted. Staff, moreover, assumes that the Company will  
386 offer this program free of charge to consumers and that the Company will not define  
387 “special circumstances” or “experiencing long delays” so restrictively as to limit the  
388 value of the program to customers.

389 **Q. Does the Company’s offer of a service credit to customers affected by**  
390 **poor performance constitute adequate compensation to those consumers**  
391 **for the inconvenience that they have suffered?**

392 A. In my opinion, it does not. Ameritech’s offer to consumers of a one time  
393 credit of \$19, is quite inadequate, in my opinion, based on the poor service that  
394 consumers have in many cases experienced. Consumers have not received the  
395 quality of service that they have been paying for and, in Staff’s opinion, the level of  
396 service being offered by Ameritech has not met the standards that the Commission  
397 has established. A \$19 one time credit for a consumer who has been without  
398 service for one or two months is not adequate compensation, especially since  
399 Ameritech is prepared to offer a 100% installation credit to customers who know to  
400 ask for it. Chairman Mathias Data Request, September 28, 2000, Tab 8,

Attachment 5. Further, the Company has made no provision for compensation of business customers. Finally, the benchmarks applied by Ameritech for customers to receive credit are not in compliance with Part 730 or the alternative regulation benchmarks.

**Q. Has Ameritech announced that it will issue credits to consumers in any other Ameritech states as compensation for poor service quality?**

A. Yes. Indiana consumers will automatically receive a credit of \$12, if they were without service more than 48 hours after reporting the problem; or if they were compelled to wait more than 5 days to have service installed. Wisconsin consumers who are currently without service or experience service problems over the next six months will received \$13 credit. Ohio consumers will receive \$20 credit if their service is not restored in 72 hours, or Ameritech will provide them with a free cellular phone.

Recently the Wisconsin Public Service Commission ("WPSC") ordered Ameritech to give a \$10 credit to residential customers who were out of service from 24 hours to 48 hours; a \$35 credit to residential customers who were out of service from 48 hours to 72; and \$20 per day for each day thereafter. The WPSC ordered Ameritech to provide a \$20 credit to business customers who were out of service from 24 hours to 48 hours; A \$120 credit to business customers who were out of service from 48 to 72 hours; and \$20 per day for each day thereafter. The WPSC further ordered Ameritech to give consumers whose installation or repair appointments had been missed a \$25 credit.

**Q. Please describe the prorated service credits required under Commission administrative rules.**

**A. 83 Il. Admin. Code Part 735.70(e) provides:**

In the event that a customer's basic (i.e., residence, business, private Branch Exchange (PBX)) service is interrupted and remains out of service for more than 12 hours after being reported to or found to be out of service by a company, appropriate adjustments shall be made to the customer's account upon request with a minimum of credit for 24 hours. The adjustment shall be the pro rata part of the month's charge for local exchange service for the period of days service was inoperative and shall be accomplished by a credit on a subsequent bill for telephone service. A check shall be issued if the final bill shows no amount owed. This provision shall not apply when the service interruption is caused by: 1) the negligence or willful act of the customer, 2) customer provided facilities, or 3) electric power failure where the customer furnishes such power.

**Q. How many customers received the prorated credit described in Part 735 from Ameritech during the first five years the plan was in effect?**

**A.** The Company asserts that it does not systematically track adjustments and that adjustments are made on a case by case basis and that the adjustments variously coded as monthly service, non-recurring charges, or in some other way. Staff Data Request CJ1.17, Attachment 6.

**Q. Is Ameritech prohibited from providing additional credits or consumer compensation beyond the Part 735 requirements to compensate consumers for inadequate service being provided?**

452 A. Although I am not an attorney, I am advised by counsel that it is not . Part  
453 735 requirements are minimum requirements. Ameritech is not prohibited from  
454 filing a tariff to provide consumers with additional compensation for providing poor  
455 service.

456 **Q. Have other Illinois utilities or telecommunications carriers**  
457 **implemented systems of “good will” type of credits for service outages or**  
458 **service issues?**

459 A. Yes. As an example, Commonwealth Edison instituted a program beginning  
460 June 1, 2000, pursuant to which residential customers will automatically receive a  
461 \$60 payment and business customers will automatically receive a \$100 payment  
462 should they experience a loss of power 8 hours or more or 3 separate outages,  
463 each lasting 4 or more hours, within a rolling 60 day period. Customers will receive  
464 a payment for any outage caused by ComEd equipment failures, ComEd  
465 equipment overloads, acts of ComEd crews and contractors, or excessive heat.  
466 ComEd also voluntarily pledged that if customers' new services were not turned on  
467 in 14 days, they will automatically receive a \$25 check and incremental payments of  
468 \$25 per day, with a maximum of \$100.00.

469 **III. Service Quality Standards and Benchmarks**

470 **Q. Does Ameritech, in its testimony in this proceeding, propose any new**  
471 **benchmarks to measure the company's service quality?**

472 A. Yes. Ameritech Witness Larkin recommended that new service quality  
473 benchmarks relative to speed of answer for calls to the business and repair offices,

which were established in the recent revisions to Part 730, be added as components of the alternative regulation plan. Ameritech Illinois Ex. 3.0 at 13.

**Q. Does Staff concur in Ameritech Witness Larkin's recommendation to add the two new service quality standards?**

A. Yes, Staff agrees to the addition of the standards recommended by Ms. Larkin. However, Ameritech does not, in its testimony, propose a benchmark for the standards.

**Q. Does Staff recommend the addition of any service quality standards and benchmarks to Ameritech's current transitional regulation plan?**

A. Yes. In order for the Commission to more closely monitor the quality of service Ameritech is providing, Staff considers it important to include in the plan several additional service quality standards and benchmarks. These standards will allow the Commission to ascertain the quality of the work being performed by service representatives and technicians, Call Center, and the Operational Control Center. Staff recommends the addition of the following service quality standards to the plan:

- . Missed Installation Appointments
- . Missed Repair Appointments
- . Repeat Trouble Rate (within thirty days)
- . Repair Office Answer Time
- . Business Office Answer Time
- . Abandon Rate

**Q. Has Ameritech established internal targets for the additional service quality measurements proposed by Staff?**

A. Yes. Ameritech has established the following internal targets:

. Missed Installation Appointments	5%
. Missed Repair Appointments	5%
. Repeat Trouble Rate (within thirty days)	10%
. Repair Office Answer Time (seconds)	60
. Business Office Answer Time (seconds)	80%/20
. Abandon Rate	Measured/NA

Chairman Mathias Data Request, September 28, 2000, Tab 16, Attachment 7.

**Q. Please provide a brief general description of the new service quality standards proposed by Staff.**

A. Missed Installation Appointments and Missed Repair Appointments include those situations where a service technician does not show up at the appointed date and place to install new or transfer service or repair service. Repeat Trouble Rate measures the number of instances when a service technician had to return to the site of a previous repair or installation appointment within five days because of a recurrence of trouble. The Abandon Rate measures calls into the company's system that were terminated by the consumer before the call was answered.

**Q. How does Part 730 define Business Office Answer Time and Repair Answer Time?**

A. Part 730 states:

The average speed of answer for calls placed to the business offices and repair offices shall not exceed 60 seconds where a representative or automated system is ready to render assistance and/or accept information to process calls.

**Q. In Staff's opinion, are Ameritech's internal targets for the proposed new standards and benchmarks adequate?**

A. Yes, provided that the repair office answering time is revised, an abandon rate is established, and missed installation appointments is clarified. First, Staff recommends that the speed of answer for calls to the repair office should be 80% with 20 seconds, the same as Ameritech's internal target to its business office answer time. Staff knows of no reason, and Ameritech has provided none, why the business office should have a faster answer time than the repair office. Consumers in other Ameritech states where a faster answering time has been established will be prioritized before Illinois calls, causing Illinois consumers to have to wait longer for their calls to be answered. Second, the standard for missed installation appointments should not include vertical features, but should include additional lines. Finally, since Ameritech did not provide an internal target for its abandon rate, Staff proposes that Ameritech's abandon rate be set at 4%. With these revisions, Staff believes that Ameritech's internal targets for Staff's proposed new service quality standards are adequate to safeguard customers. These standards and benchmarks should be implemented to ensure that service quality does not further deteriorate during the plan. For a complete list of service quality measurements, please refer to my Attachment 8.



543 **Q. What does Staff propose as the abandoned rate for calls into**  
544 **Ameritech's business and repair offices?**

545 A. The establishment of an abandon rate was a controversial issue in Docket  
546 No. 98-0453, because the Company does not have control over or knowledge of  
547 why a person abandons a call. The Commission ultimately concluded that  
548 establishing an abandon rate in the rule was not necessary; however, companies  
549 are required pursuant to the Part 730 to report their abandon rate to the  
550 Commission on an annual basis.

551 Staff acknowledges that a consumer may abandon a call to the Company for  
552 any number of reasons. Ameritech's records, however, indicate that when the  
553 average speed of answer is lower the abandon rate is also lower. Chairman  
554 Mathias Data Request, September 28, 2000, Tab 16, Attachment 7. For example,  
555 when Ameritech's answer rate was 114 seconds, the abandon rate was 12%, while  
556 Ameritech's average speed of answer was 19 seconds, the abandon rate was 2%.  
557 (*Id.*) This shows an apparent, direct correlation between time of answer and the  
558 abandon rate. Based on the reporting requirement in the Rule and the significant  
559 increase in Ameritech service complaints, it is Staff's opinion that the abandon rate  
560 is an important factor in the delivery of service and customer service. Ameritech's  
561 average abandon rate for 1999 was 5.16%. Ameritech has met or been below the  
562 5% abandon rate eight out of twelve months in 1999 and has been below 5% the  
563 first eight months of 2000. Staff believes that to ensure that Ameritech's service

quality does not diminish during the life of the transitional regulation plan, that the abandon rate be set at 4%.

**Q. Staff Witness McClerren has recommended the elimination of certain service quality standards and benchmarks. Do you agree with his assessment?**

A. Yes. I agree with Staff Witness McClerren that the % Dial Tone Speed Within 3 Seconds, Operator Speed of Answer - Intercept, and Trunk Groups Below Objective should be removed from the service quality standards and benchmarks.

**Q. Do you have any additional recommendations for the original service quality standards and benchmarks?**

A. Yes. The Company has consistently, and without apparent difficulty, met these standards during the past five years. Staff believes that the Operator answer time is an important service quality indicator. However, the existence of two standards for operator services is unduly burdensome. The Staff therefore, recommends that Operator Speed of Answer for Toll, Directory Assistance, and Information be consolidated into one standard and average the two benchmarks to arrive at the benchmark for the consolidated category.

**IV. Service Quality Compensation for Consumers**

**A. Installation of Service Within 5 Days**

**Q. Has Ameritech consistently met the installation standard and benchmark set in Docket No. 92-0448/93-0329?**

A. No. Ameritech has had difficulty meeting the installation benchmark for several years. Staff Witness McClerren has provided a historical examination of Ameritech's compliance with the service quality standards and benchmarks. Staff Exhibit 8.0.

**Q. Does Staff propose in this proceeding that the Commission order the Company to compensate consumers when the Company provides inadequate service?**

A. Yes. In Staff's opinion, when possible, consumers who directly experience poor service quality should receive direct compensation, rather than distributing small rate reductions over Ameritech's entire customer base. Staff proposes compensation for residential and business consumers who are left without service, or who are inconvenienced by the Company's failure to meet service quality standards and benchmarks.

**Q. What compensation does Staff propose if the Company fails to install service within 5 days?**

A. If the company misses installing telephone service within 5 days, the Staff proposes that the consumer should have a choice between two different options: 1) Credit on the bill for a free installation and a \$25 credit for each day the company is late, e.g., 6<sup>th</sup> day - \$25, 7<sup>th</sup> day - \$50, 8<sup>th</sup> day - \$75, 9<sup>th</sup> day- \$100, 10<sup>th</sup> day - \$125, etc., or 2) A credit for a free installation, plus a company provided cellular telephone with free activation and local service, until installation is complete.

**Q. Why does Staff propose that consumers have the option to elect the**

**type of compensation they receive?**

A. A consumer should have an opportunity to choose the best compensation option to meet his or her lifestyle and needs. A consumer who already possess a cellular telephone may choose the credit option to help recover any additional costs incurred for having to use cellular service. A consumer who does not have a cellular telephone should be permitted to choose telephone access or a credit.

**Q. How does Staff propose that this compensation plan be implemented?**

A. The installation service quality compensation will apply to all residential, business, additional, and multiple lines, but not to vertical features. If the consumer opts for the free installation daily credit, the credit amount cannot be prorated, e.g., if the company completes the installation within 5 days and 2 hours, the consumer will receive a free installation and the full \$25 credit.

**Q. How does Staff recommend that the five day installation period be measured?**

A. Ameritech has provided conflicting information regarding when the five day period for installation begins. In one instance, Ameritech states that the period begins when the service representative places the order, and in another instance the Company states that the period begins the date upon which the customer orders service. CUB 4.11b and CUB 4.36, Attachments 9 and 10. In Staff's opinion, the five day period should begin when the customer places the order, and the installation should not be deemed complete until the line is tested and verified as

630 working.

631 **Q. How will the customer know that these compensation options are**  
632 **available to them?**

633 A. The Company should be required to inform consumers when they initially  
634 contact the company to order new or transfer service. The service representative  
635 will explain the compensation available to the consumer if the company does not  
636 complete the installation within 5 days. Additionally, if for reasons known to the  
637 Company, the installation commitment cannot be met, the company will notify the  
638 consumer of the delay, explain the reason for the delay, arrange for a new  
639 appointment date and time, and immediately arrange for the delivery of the  
640 compensation option of the consumers' choice.

641 **Q. How would the installation compensation apply to customers?**

642 A. The consumer compensation should apply on a month to month basis, and  
643 be posted to the consumer's next month's bill. Consumer compensation should  
644 attach when the benchmark is not met. For example, if the Company installs 94% of  
645 the telephones within 5 days, the consumer compensation would apply. However, if  
646 98% of the telephones were installed within 5 days, the consumer compensation  
647 would not apply.

648 **Q. Does Staff contemplate any exemptions to its installation**  
649 **compensation proposal?**

650 A. Yes. If the consumer requests an installation date that is beyond the 5 day  
651 timeframe, the Company would be exempt from the standard. However, if the

company misses the prearranged extended date, then the consumer would be entitled to compensation, assuming that the Company failed to meet the benchmark. Additional exemptions include Acts of God and the exemptions listed in Part 730.540(b). If the Company should find it necessary to implement any additional exemptions, it should be required to work with Staff to identify and agree on the service quality exemptions/exclusions before implementation.

**Q. Does Staff have an estimate of how much the installation consumer compensation plan will cost, if the Company does not meet established benchmarks?**

A. Yes. In fact, Staff has two estimates on how much the installation consumer compensation will cost, because Staff has received two different sets of numbers from Ameritech. Staff has not been able to ascertain the number of customers who have been without service for each day over five days, therefore, Staff has developed estimated dollars starting with the 6<sup>th</sup> day out of service up to 10 additional days out of service. The first estimate is approximately \$29.4 million to \$94.6 million. This estimate was based on 1999 numbers that were provided to Staff by Ameritech executives in a service quality meeting. (Attachment 11.) The second estimate is \$8.4 million to \$26.7 million. This estimate was based on 1999 numbers that were provided in response to a data request. Staff Data Request CJ1.12, Attachment 12.

**B. OOS > 24**

673 **Q. Please explain Staff 's proposal for consumer compensation if the**  
674 **Company fails to meet the its OOS>24 hours standard and benchmark.**

675 A. If the Company fails to repair a consumer's service within 24 hours, the  
676 consumer should have the following options: 1) receive an automatic credit if he or  
677 she is out of service 25-48 hours, \$25; 48-72 hours, \$50; 72-96 hours, \$75; 96-121  
678 hours, \$100 with an additional \$25 assessed for each 24 hours the customer is out  
679 of service; or 2) \$25 credit plus a company provided cellular telephone with free  
680 activation and local service until the repair is complete. Again, the Staff proposes  
681 an option because a consumer should have an opportunity to choose the best  
682 compensation option to meet his or her lifestyle and needs.

683 **Q. How does Staff propose that repair service quality compensation be**  
684 **implemented?**

685 A. Repair service quality compensation should apply to all residential, business,  
686 additional, and multiple lines, but not to vertical features. A repair should not be  
687 considered complete until the line is tested and verified as working. The 24 hour  
688 time period should start when the consumer contacts the company. If the consumer  
689 opts for the daily credit, the credit amount cannot be prorated, e.g., if the company  
690 completes the repair within 25 hours, the consumer will receive a full \$25 credit.

691 **Q. How will the customer know that these options are available to them?**

692 A. The company will be required to inform consumers when they initially contact  
693 the company to report the problem, that if the company does not complete the repair  
694 within 24 hours the service representative will explain the compensation available to

the consumer. Additionally, if for reasons known to the Company, the repair commitment cannot be met, the company should notify the consumer of the delay, explain the reason for the delay, arrange for a new appointment date and time, and immediately arrange for the compensation of the consumers' choice.

**Q. How would customers receive installation compensation?**

A. The consumer compensation should apply on a month to month basis, and posted to the consumer's next month's bill. Consumer compensation should attach when the benchmark is not met. For example, if the Company repaired 94% of out of service lines within 24 hours, the consumer compensation would apply, however, if 98% of lines were repaired within 24 hours, the consumer compensation would not apply.

**Q. In Staff's opinion, are any exemptions to such an OSS>24 compensation plan appropriate?**

A. Yes. If the Company needs access to the consumer's residence or business and the consumer cannot accommodate the Company within 24 hours, the Company would be exempt from the standard. However, if the company misses the prearranged repair date, then the consumer compensation would apply. Additional exemptions contemplated by Staff would include Acts of God and the exemptions listed in Part 730.535(a). If the Company should find it necessary to implement any additional exemptions, they should be required to work with Staff to identify and agree on the service quality exemptions/exclusions before implementation.



**Q. Does Staff have an estimate of how much the repair consumer compensation will cost, if the Company does not meet its commitment?**

A. Yes. Again, Staff has not been able to ascertain the number of customers who have been without service for each day over 24 hours, therefore, Staff has developed estimated dollars starting with the 2nd day out of service up to an additional 10 days out of service. Staff estimates approximately \$1.1 million to \$13.4 million per day up to an additional 10 days. This estimate used 1999 numbers that were provided to Staff by Ameritech executives in a service quality meeting. Attachment 13.

**Q. Do any other telecommunications companies provide a “good will” type of credit for service outages or service issues?**

A. Yes. Verizon has tariffed a “Service Performance Guarantee,” which applies \$100 credit or something of equal value for business customers and a \$25 credit or something of equal value for residential customers. This tariff applies to the installation of services or repair of company-owned facilities used to provide service if the installation or repair is not completed as agreed.

Other local exchange companies do not, in all cases, have formal written policies. However, most companies have authorized customer service representatives to issue a \$20 or \$25 “good will” type of credit when the company has not performed properly.

**Q. If a consumer receives a credit in response to the company providing inferior service, how do you propose the credit be identified on the bill.**

A. The company should be required to itemize credit(s) that result from poor service quality as, "Credit for Sub-Standard Service Quality."

**Q. Do you have any additional recommendations as to the monitoring of Ameritech's service quality?**

A. Yes. The Company should be required to continue filing monthly service quality standard and benchmark reports with the Commission. The reports should also address any and all exclusions invoked during the month. Additionally, the Company should be required to provide an annual service quality report to all consumers. Finally, customers should be notified of any rate that changes (increased or decreases), as a result of the transitional regulation plan.

**C. Missed Installation and Repair Appointments**

**Q. Has Ameritech implemented consumer notification procedures for installation and/or repair appointments?**

A. Ameritech stated that the company pre-calls customers to confirm or remind a customer of a repair appointment, only where specific access arrangements were made. Staff Data Request CJ1.38, Attachment 14. Ameritech states that the repair dispatch center monitors the field technician reports hourly and notifies customers if appointments are likely to be missed. Staff Data Request CJ1.37, Attachment 15. Ameritech further states that the repair dispatch center notifies the customer and works with the customer to establish a new repair appointment, if the technician assigned to perform appointed maintenance, repair or installation cannot complete it prior to the end of the working day. Staff Data Request CJ1.32, Attachment 16.

Ameritech further states that unless the customer requests otherwise, the remaining commitments will move to the following day's workload. (*Id.*)

**Q. In your opinion, has Ameritech made a diligent effort to keep consumers apprised of the status of their installation and repair appointments?**

A. No. In response to the Chairman's data request, Ameritech stated:

While Ameritech has a policy to notify customers when installation or repair appointments are in jeopardy of being missed, the Company acknowledges that such notifications have not, in many instances, occurred. The volume of work activity which has risen to historic levels the past few months has resulted in Company personnel focusing on getting as many work items completed each day as possible, sometimes to the detriment of the Company's normal customer notification processes... While the current backlog of repair and installation work has left many of our customers feeling anxious and frustrated about the status of their service requests, the Company is confident that as this backlog is brought under control, the customer notification of potential missed commitments will likewise improve.

Chairman Mathias Data Request, September 28, 2000, Tab 2, Attachment 17.

**Q. Has Ameritech provided adequate notification to its customers regarding scheduling for installation and repair commitments?**

A. Ameritech has provided the Commission with contradictory information. Further, information given by Ameritech is inconsistent with information received from complaining consumers. In addition to complaints about the long installation and repair periods, consumers have complained about: 1) service technicians not keeping appointments, 2) no contact from the company regarding appointments

790 being in jeopardy, and 3) no contact from the company to reschedule missed  
791 appointments. This appears to contradict Ameritech statements in this regard.  
792 Additionally, in a service quality meeting with Ameritech Executives, Staff was  
793 informed that missed customer appointments were not picked up the following day  
794 and that customers would be rescheduled.

795       Staff is prepared for the time being to accept that the commitment that the  
796 Company is placing on customer notification might help improve service quality.  
797 However, this does not alter the fact that the Company has, by its own admission,  
798 chosen to ignore its own company policies, and to a significant degree, common  
799 everyday courtesies and good business practices, in failing to notify customers  
800 regarding its inability to keep appointments. Consumers have taken one or more  
801 days off of work to have their telephones installed or repaired, and yet Ameritech  
802 representatives have neither kept appointments, nor contacted customers to say  
803 that they would be unable to keep appointments, or to reschedule appointments.  
804 Consumers have had to re-contact the company to reschedule another appointment,  
805 sometimes finding out that there was never a record of the original or any  
806 subsequent calls. One consumer reported to CSD that when she contacted  
807 Ameritech regarding a missed repair appointment, the customer service  
808 representative told her that she was one of over 200 consumers whose service  
809 commitments were not met for that specific day. Consumers have suffered  
810 considerable harm and inconvenience as a result of these practices.

811 **Q. Has Ameritech provided Staff with any information regarding any**  
812 **standards it has for the issuance of service credits for missed**  
813 **appointments?**

814 A. Ameritech defined two Company customer compensation standards for  
815 missed appointments, extended due dates, and facility delays. Chairman Mathias  
816 Data Request, September 28, 2000, Tab 8, Attachment 5. The first standard  
817 required the Company to attempt to contact the customers prior to the due date.  
818 *(Id.)* The Company remedy for this standard was based on customer request and  
819 the service representative can adjust of between 0-50% of the installation fee. *(Id.)*  
820 The second standard required the Company to attempt to contact a customer and  
821 categorize the attempt as successful, unsuccessful or no attempt made on or after  
822 the due date. *(Id.)* The Company remedy for failure to meet this standard is also  
823 based on customer request and the service representatives can issue an  
824 adjustment of 0-100% of the installation fee. *(Id.)* Both standards exempt jacks  
825 and wiring. *(Id.)* Both adjustments require the consumer to have to know about the  
826 fact that the possibility of such an adjustment exists, and to request the credit. Staff  
827 is unaware of any attempt by Ameritech to make the existence of this policy  
828 generally know to its customers. It appears to the Staff that a 50-100% of the  
829 installation rate is better than the \$19 being offered by the Company.

830 **Q. Please describe Staff's proposal that the Company compensate its**  
831 **customers for missed service and repair appointments.**

832 A. Customers should be given a \$25 credit for any missed repair and  
833 installation appointment, when the company is at fault, and has not given the  
834 customer a minimum of 24 hours notice that the appointment will not be kept.

835 **Q. How does Staff recommend that compensation for other service**  
836 **quality issues be addressed?**

837 A. It is difficult to devise direct consumer compensation for the remaining  
838 service quality standards for operator answer time, trouble reports, abandon rate,  
839 repair and business office answer times, and repeat trouble reports, because it  
840 would be difficult, if not impossible, to identify the harmed consumer. Staff  
841 recommends that if the Company misses any one of the six standards, all  
842 customers should received a \$2.25 credit on their bill for each month that each  
843 standard is missed.

844 **Q. Does Staff have an estimate of how much the remaining consumer**  
845 **compensation for service quality will cost, if the Company does not meet its**  
846 **commitment?**

847 A. Yes. Staff has estimated the cost to the Company would be approximately  
848 \$13 million per month per measurement missed.

849 **IV. Universal Service**

850 **Q. Ameritech Witness Gebhardt discusses the changes that have**  
851 **occurred in universal service levels since the implementation of the original**

**price cap plan. Ameritech Illinois Ex. 1.1 at 66-69. Do you generally agree with his analysis and conclusions?**

A. Yes, I do.

**Q. Does Staff concur with Ameritech Witness Gebhardt that the company could not conclude whether or not the price cap plan influenced Illinois' subscribership levels? Ameritech Illinois Exhibit 1.1 at 68-69.**

A. Yes. There is no way to conclude if the price cap plan has harmed or benefited universal service. The Federal Communications Commission ("FCC") reported that Illinois' penetration level has declined from 93.6% in 1995 to 91.8% in 1999, while the national penetration rate has risen from 93.9% in 1995 to 94.2% in 1999. Illinois penetration level increased to 93% in the March, 2000, per the FCC's report. It is moreover, clear to the Staff that some Illinois ILECs have better telephone penetration levels than Ameritech, while others have worse levels, indicating that the alternative regulation plan has not significantly affected telephone penetration.

**Q. Is the industry working with the Commission to study the issue of penetration levels in Illinois?**

A. Yes. The Illinois Telecommunications Association ("ITA") has developed an Ad Hoc Committee on Phonelessness, whose membership consists of the ITA, Ameritech, GTE, CUB, AT&T and Commission Staff. The Universal Telephone Assistance Corporation ("UTAC") and the industry have entered into a contract with Worthlin Worldwide to conduct focus groups, central location surveys and door to

874 door surveys to try to ascertain the reasons why people do not have a telephone;  
875 how long and why peoples' telephones are disconnected; people's awareness of  
876 Lifeline and Link Up, potential messages/programs to spur activation of telephone  
877 service, and other issues. The focus groups and surveys are presently being  
878 conducted and a report should be produced by the end of the year.



879

880 **VI. Transitional Regulation Price Cap Formula**

881 **Q. Did the Commission, as part of its evaluation of Ameritech's**  
882 **alternative regulation plan in Docket Nos. 92-0448/93-0239, consider service**  
883 **quality?**

884 A. Yes. In its Order, the Commission recognized as a risk of price cap  
885 regulation, the possibility that the Company might seek to reduce expenditures in  
886 certain areas in such a manner as would adversely impact service quality to  
887 maximize its income. Alternative Regulation Order at 58. The Commission also  
888 concluded that the Part 730 rules were intended to be a minimum standard, but that  
889 it was necessary to establish higher standards to safeguard against erosion of  
890 service quality. (*Id.*)

891 **Q. Do you concur with Staff Witness Staranczak that service quality**  
892 **issues are best addressed outside of the price cap formula?**

893 A. Yes. The current price cap formula is adjusted on an annual basis, causing a  
894 delayed reaction if a rate reduction penalty is imposed on any of the service quality  
895 standards. The penalties for poor service quality should be immediate and should  
896 target the consumers, when possible, who have experienced the poor service,  
897 rather than all consumers as a whole.

898 **A. Customer Compensation**

899 **Q. If the Commission agrees with Staff's recommendation to remove the**  
900 **service quality indicator from the formula, how does Staff propose to**  
901 **address service quality?**

902 A. Staff proposes to address service quality through the customer  
903 compensation plans that were previously discussed in my testimony. Again, in  
904 Staff's opinion, where possible, the customer who has been directly harmed by the  
905 Company's inadequate service quality should receive compensation. In Staff's  
906 opinion, the Company should voluntarily implement a one time rate reduction to  
907 compensate consumers who have experienced inadequate service quality as  
908 compensation for such poor service quality.

909 **B. Price Cap Formula**

910 **Q. If the Commission, chooses to keep the service quality indicator in**  
911 **the price cap formula, does Staff propose any revisions to the formula?**

912 A. Yes. The current indicator is for OOS>24 and installation is .25%, which  
913 would calculate to approximately a \$4 million rate reduction. If service quality  
914 remains in the transitional regulation formula the amount for OOS>24 and  
915 installations should be increased from .25% to 2%, which would calculate to  
916 approximately \$32 million in rate reductions, per indicator, per year for a total of \$64  
917 million the first year.

918 **Q. Why does Staff believe that the amount should be raised from .25% to**  
919 **2% for the OOS>24 and installations?**

920 A. Staff Witness McClerren has described the Company's service quality  
921 performance record during the period that the alternative regulation plan has been in  
922 effect. Ameritech missed the OOS>24 standard 51 months out of 60 months.  
923 Moreover, the Company has reported an OOS>24 rate as low as 37%, in  
924 September, 2000. This clearly indicates that the Company is not performing  
925 adequately. The Company missed the installation performance benchmark 5  
926 months out of 60 during the first five years of the plan. However, if a definition of  
927 installation consistent with Staff's understanding of "installation" had been applied,  
928 the Company's performance for installation might have been as poor as its  
929 OOS>24 performance. The service quality indicator should be sufficiently large to  
930 provide the Company with the incentive to meet the minimum requirements.  
931 Ameritech has consistently not met the required minimum benchmarks for these two  
932 categories, while consumers have not received the quality of service that they are  
933 paying for, and have received minimal compensation for this failure. The past  
934 performance of the Company is unacceptable and cannot be tolerated going  
935 forward.

936 **Q. What steps have the Commission and Staff taken to address**  
937 **Ameritech's service?**

938 A. Ameritech's service quality has been addressed in numerous docketed  
939 proceedings, and staff meetings and through increased penalties and fines. Staff  
940 Witness McClerren's testimony provides a more detailed listing. Past and potential  
941 future fines levied against the Company, as a result of the SBC/Ameritech Merger,

in Docket No. 98-0555, apparently have not provided the Company with the incentive to adequately address service quality deficiencies. Additionally, fines have also been levied against Ameritech in other states which have not been effective in improving the company's service quality.

**Q. How much has Ameritech saved by not meeting the minimum service quality standards?**

A. In Docket No. 98-0555, the SBC/Ameritech merger docket, Ameritech Witness Gebhardt stated that it would cost the company \$30 million to meet the OOS>24 standard. Staff will respond to the Company's savings in this docket in its rebuttal testimony, pursuant to the receipt of data requests from Ameritech.

**Q. In Staff's opinion, could the retirement of service technicians potentially explain the Company's service quality.**

A. The loss of experienced service technicians through retirement would be a detriment to any company. However, Ameritech has been using this to explain declining service quality for at least five years, without taking any positive steps to correct the situation. Ameritech Illinois Ex. 1.1 at 43. Pending the receipt of data request responses from Ameritech, Staff may supplement its testimony on this issue.

**Q. Has Ameritech curtailed the marketing of additional services and features during the employee shortage and declining service quality.**

A. Ameritech has been actively promoting the installation of services and features, such as DSL, additional lines and other vertical features, and it is fair to

conclude that this has placed new, additional, and more rigorous demands on its employees. Staff has requested that Ameritech provide information from 1995 to present of the Company's residential and business promotional activities; however, Ameritech only provided documentation of its 1999 promotional activities. Staff Data Request CJ1.15, Attachment 18. Pending the receipt of additional data request information from Ameritech, Staff may supplement its testimony on this issue.

**Q. Do you believe that inclement weather has played a significant role in Ameritech service quality problems?**

A. Staff agrees that inclement weather could be a factor in any company not meeting the service quality standards. However, since January 1, 1992, Part 730.300(a) has required that local exchange carriers place a minimum of 80% of all newly constructed outside cable plant facilities underground. Staff requests that the Company provide information in its rebuttal testimony regarding how much of the company's cable plant facilities are underground and how the weather has affected its facilities above and underground.

**Q. Does Staff propose any changes to the remaining service quality indicators for the remaining and new benchmarks?**

A. Staff concludes that the remaining service quality standards and new proposed standards should be given an equal weighting at .25. Obviously, the company has not experienced any difficulty in meeting the previously defined benchmarks. Apparently, the \$4 million rate reduction for each of these standards

was enough incentive for the company to meet the standards. To further clarify, the Company shall receive a score of zero for each of the benchmarks that it meets. Staff also recommends that the rate reduction could be returned to zero if the Company met the benchmark for 12 consecutive months, not an average of 12 months.

**Q. Does Staff accept the representation that these service quality standards and benchmarks are too stringent for the Company to meet?**

A. No. Ameritech has stated that, OOS>24 is a very difficult standard to attain on a consistent basis and is one of the most stringent service requirements placed on telecommunication carriers anywhere in the country. Chairman Mathias Data Request, September 28, 2000, Tab 7, Attachment 19. What Ameritech neglects to point out was the fact that the Company recommended that these standards and benchmarks be part of the service quality indicators in the alternative regulation formula in Docket Nos. 92-0448/93-0239. Staff is not aware of any other company which has experienced difficulty in meeting or exceeding the standard. Verizon experienced some difficulty meeting the OOS>24 for three or four months in 1998, due to weather related problems, but has been meeting the standard going forward. The Frontier companies reported in Docket No. 00-0552, a 98%-100% state total in meeting the OOS>24 in the first 6 months of 2000. Additionally, other states, such as Ohio and Indiana, have more stringent service standards which require 100% of OOS be completed within 24 hours.

**C. Graduated Penalties**

**Q. Does Staff have an alternative proposal, if the Commission elects to leave the service quality indicator in the transitional regulation formula?**

A. Yes. Staff believes that there is one more penalty option that the Commission might consider: namely, graduated penalties. Rather than scoring with a set penalty for each service quality indicator, the single annual benchmark penalty would increase, as the service quality declined, based on a three month average. The Company would receive a score of zero for each of the benchmarks that it meets. Implementing a graduated penalty structure would provide the Company with an incentive to keep trying to meet the benchmark, rather than withdrawing or minimizing resources until next year, if it is not going to meet the benchmark.

**Q. What does Staff propose as graduated penalties for the service quality standards?**

A. Staff proposes that for the first 5% below the benchmark, the company would be compelled to reduce rates by 2%. As service quality further declines in continuing 5% intervals, the rates would decrease by 1.5% for each additional 5% declination in service quality. For example for OOS>24, the following penalty structure would apply:

Percent Out of Service	Percent Rate Reduction	Approx. \$\$
90 - 95.44	2.0%	\$ 32 M
85 - 90	1.5%	56 M
85 - 80	1.5	80 M

1033	75 - 80	1.5	104 M
1034	70 - 75	1.5	128 M
1035	65 - 70	1.5	152 M
1036	65 - 60	1.5	176 M

1037

1038 **Q. Does Staff propose an incentive for the Company to meet the**  
 1039 **minimum standard?**

1040 A. Yes. If a graduated penalty was imposed, the rate reduction could be  
 1041 removed and returned to zero if the Company met the benchmark for 12  
 1042 consecutive months, not an average of 12 months.

1043 **Q. Do you believe that there are any other penalty options available for**  
 1044 **the Commission to consider?**

1045 A. Yes. The Commission could combine the penalty options proposed by  
 1046 Staff. The Commission could impose the Consumer compensation in addition to  
 1047 the graduated penalties and/or price cap formula. Another option would be to pull  
 1048 certain standards and benchmarks from the formula and issue immediate service  
 1049 quality compensation.

1050 **Q. If Ameritech meets the benchmarks, would any of the penalties as**  
 1051 **proposed by Staff be imposed?**

1052 A. No. Staff's goal is for Ameritech to ensure that service quality does not  
 1053 deteriorate. Staff believes that the revised and new service quality standards as  
 1054 proposed by Staff and met by Ameritech would ensure good service quality for  
 1055 Ameritech consumers. No penalties would be imposed, if the company met the  
 1056 standards.



1057 **Q. Does Staff have any recommendations regarding Ameritech's**  
1058 **alternative regulation plan.**

1059 A. Staff will make its recommendations regarding Ameritech's alternative  
1060 regulation plan in its rebuttal testimony, once the remaining data requests have  
1061 been received and reviewed. However, Staff has been hindered in its review of  
1062 Ameritech's current alternative regulation plans because of the lack of company  
1063 information to make a five year review of the plan and the ability to ascertain if the  
1064 company is complying with relevant Administrative Codes. In response to various  
1065 Staff data requests for documentation from 1995 to present, the Company has not  
1066 provided the necessary documentation back to 1995, and provides Staff with partial  
1067 information, such as a one or two year documentation. The Commission should  
1068 require that the Company maintain records to provide a five year review for Staff  
1069 and intervenors.

1070 **Q. Does this complete your direct testimony?**

1071 A. Yes, it does.